

INTERMEDIATE CARE FACILITIES (IMR) TAX
RCW 82.65A

Tax Base Gross receipts of intermediate care facilities for mentally retarded persons received for services provided to mentally retarded persons. These facilities are licensed by the Department of Social and Health Services. They receive Medicaid funds from the federal government.

Tax Rate 6.0 percent.

Levied by State

Administration Department of Revenue. The tax is reported on the combined excise tax return (Form #40 2406).

Recent Collections (\$000)

<u>Fiscal Year</u>	<u>Collections</u>	<u>% Change</u>	<u>% of All State Taxes</u>
2001	\$7,867	(6.3)	0.1%
2000	8,396	(1.8)	0.1
1999	8,550	(0.7)	0.1
1998	8,607	2.3	0.1
1997	8,412	1.2	0.1
1996	8,316	-.-	0.1
1995	12,427	3.0	0.1
1994	12,069	-.-	0.1
1993	65,558*	-.-	0.8
1992	20,261*	-.-	0.3

*includes collections of prior tax on Medicaid receipts of hospitals.

Distribution of Receipts

Although the statute does not specify the disposition, the receipts go to the state general fund and are used to fund the state's share of the cost of the facilities. Since federal funds are also available on a matching basis, the increased state funds result in increased funds derived from the federal government.

Exemptions, Deductions and Credits

None.

History

This tax was adopted in 1992 and was first effective on April 1, 1992. It succeeded a similar tax that was approved the previous year. The 1991 statute levied a 20 percent tax on the Medicaid receipts of private and nonprofit hospitals. However, the federal government objected to the manner in which the tax was applied, so it was restructured the following year into a tax on facilities for the mentally retarded.

Discussion/Major Issues

The IMR tax is intended to increase state funding of services for the mentally retarded by taxing the total receipts of such facilities. The federal government matches the amount of state support for such programs and therefore the tax is a means for increasing the amount of federal funds received by the state.

There are 14 facilities that are subject to the tax.

The statute contains a unique clause which will cause the tax to expire whenever federal matching funds become available or are substantially reduced as certified by DSHS or pursuant to court order or when collection of the tax is prohibited by a court ruling.